

AR49

Satellite

METAL MINES LIMITED

Annual Report

For the Year Ended December 31st, 1969



DIRECTORS

M. J. BOYLEN - - - - - TORONTO, ONTARIO
 PHILIP E. BOYLEN - - - - - TORONTO, ONTARIO
 CHARLES B. BRANNIGAN - - - - - TORONTO, ONTARIO
 D. W. GORDON - - - - - TORONTO, ONTARIO
 GORDON L. MOORE - - - - - ISLINGTON, ONTARIO
 GORDON F. PUSHIE - - - - - ST. JOHN'S, NEWFOUNDLAND
 JAMES A. BOYLEN - - - - - MALTON, ONTARIO

OFFICERS

M. J. BOYLEN - - - - - PRESIDENT
 D. W. GORDON - - - - - VICE-PRESIDENT
 GORDON L. MOORE - - - - - SECRETARY-TREASURER
 CHARLES B. BRANNIGAN - - - - - ASSISTANT-SECRETARY

TRANSFER AGENT AND REGISTRAR

GUARANTY TRUST COMPANY OF CANADA
 Toronto, Ontario and Montreal, Quebec

AUDITORS

SNYDER, CRAIG & Co.
 Toronto, Ontario

HEAD OFFICE

Suite 908 - 330 Bay Street
 Toronto, Ontario

SATELLITE METAL MINES LIMITED

Satellite Metal Mines Limited

Directors' Report

To the Shareholders:

The financial statements of the Company for the fiscal year ended December 31, 1969, notes relevant thereto and the Report of the Auditors, are submitted herewith.

PROVINCE OF ONTARIO

SUDBURY MINING DIVISION

Your Company continues to own its freehold land, 17 acres, adjoining the town of Webbwood in Shakespeare Township. Further mineral exploration on this property will await possible information to be gained from future local developments, and in the meantime the surface rights are expected to appreciate in value.

FORT FRANCES MINING DIVISION

One patented claim of 38.5 acres at Bad Vermillion Lake is held by your Company. While active exploration of the property has been suspended for the time being, the improving techniques of modern exploration may become applicable to this long term holding.

RED LAKE MINING DIVISION

In the Fredart Lake Area, 24 mining claims were acquired by your Company for cost of staking early in 1969. During the summer a magnetic and an electromagnetic survey were performed and three anomalies were outlined. Diamond drilling has been recommended by the supervising geologist and your Company's management is considering the recommendation.

Also, in January 1969 your Company acquired for cost of staking 24 mining claims in the Confederation Lake-Uchi Lake area. During the season, systematic prospecting was carried out over this property. An airborne magnetic and electromagnetic survey which covered the same ground revealed an anomaly, but the prospecting party found that mineralization was limited to pyrite.

PORCUPINE MINING DIVISION

A review of geophysical data suggested that the source of magnetic responses on this property in the Little Current River area was either poor iron formation or disseminated magnetite. Consequently, the formerly held 13 claims were permitted to expire.

PATRICIA MINING DIVISION

Your Company has acquired, for cost of staking, an 80% interest in 35 claims in the Savant Lake area. The location was selected on the basis of an earlier airborne survey performed by Northern Canada Mines Limited who retain the remaining 20% interest in this property. During the past winter, your Company checked the airborne anomaly by surveying four miles of ground picket lines using magnetic and electromagnetic apparatus. The cause of the anomaly is obscured by the deep overburden. It is planned to drill this anomaly during the first half of the current year.

PROVINCE OF QUEBEC

Your Company continues to hold its 760 acre property at Montauban Les Mines and its group of 20 uranium claims in Letellier Township. Those in the Johan Beetz area, being less promising than the other uranium claims, were allowed to expire.

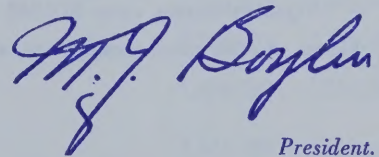
PROVINCE OF NEW BRUNSWICK

The property in Northesk Parish, Northumberland County, has been maintained. Although sufficient assessment work has been done to keep these claims in good standing until 1976, your Company's management is alert to other activities in the area that may suggest a renewed exploration program for this property which adjoins the ground of the expanding Heath-Steele base metal producer.

NORTHWEST TERRITORIES

Your Company holds a 10% interest in 1,080 mining claims on Victoria Island where copper as metal and as sulphides has been found at numerous sites in basalt formations resembling those of the former Lake Superior mines and a rich Alaskan producer. The largest interest in the claims belongs to Grandroy Mines Limited, which is making extensive preparations for the forthcoming exploration season.

On behalf of the Board of Directors,

A handwritten signature in dark ink, appearing to read "M.J. Boyle". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

President.

Toronto, Ontario,
April 24, 1970.

Satellite Meta

(Incorporated under the laws of the State of New York)

Balance Sheet -

ASSETS		1969	1968
CURRENT			
Cash		\$ 6,103	\$ 116
Bank deposit receipt		60,000	—
Accounts receivable		4,379	—
		<u>70,482</u>	<u>116</u>
INVESTMENTS			
Shares of other mining companies having a quoted market value, at cost (Note 1)		67,546	64,890
(Quoted market value \$18,843 — 1968 \$22,000)			
Shares of other mining companies, at nominal value		1	1
		<u>67,547</u>	<u>64,891</u>
MINING PROPERTIES			
Mining claims and interests in mining claims (Note 2)		710,342	712,843
DEFERRED EXPENDITURES			
Exploration expenses		125,408	141,382
		<u>\$ 973,779</u>	<u>\$ 919,232</u>

(See accompanying notes)

Mines Limited

Laws of Ontario)

December 31, 1969

LIABILITIES

CURRENT	1969	1968
Accounts payable and accrued liabilities	\$ 1,071	\$ 20,930

SHAREHOLDERS' EQUITY

CAPITAL STOCK		
Authorized:		
5,000,000 Shares of \$1 par value	\$5,000,000	
Issued:		
4,514,307 Shares (1968 — 4,048,083 Shares) (Note 3)	4,514,307	4,048,083
Less: Discount thereon	2,518,257	2,191,900
	1,996,050	1,856,183
CONTRIBUTED SURPLUS		
Balance, end of year, unchanged	1,434,029	1,434,029
	3,430,079	3,290,212
DEFICIT		
Balance, beginning of year	2,391,910	2,368,122
Add: Administrative expenses	28,030	9,913
Mining claims and options abandoned	5,605	1,340
Exploration expenses written off	31,862	12,535
Net proceeds from sale of stock subscription rights	(36)	—
Balance, end of year	2,457,371	2,391,910
NET SHAREHOLDERS' EQUITY	972,708	898,302

Approved on behalf of the Board

M. J. BOYLEN, Director

G. L. MOORE, Director

\$ 973,779 \$ 919,232

SNYDER, CRAIG & CO.

CHARTERED ACCOUNTANTS

CABLE ADDRESS "JNOCRAIG"
TELEPHONE 366-9444

330 BAY STREET

TORONTO

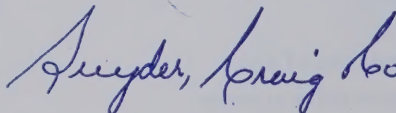
CANADA

To the Shareholders of
SATELLITE METAL MINES LIMITED,
Toronto, Ontario.

We have examined the Balance Sheet of Satellite Metal Mines Limited as at December 31, 1969 and the Statements of Exploration Expenses, Administrative Expenses and Source and Application of Funds for the year ended on that date, and the Notes to the Financial Statements. Our examination included a general review of accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

No provision has been made for the excess of cost over market values of the investments in shares of other mining companies.

Subject to the above limitation, in our opinion, the attached Financial Statements present fairly the financial position of the company as at December 31, 1969 and the results of its operations and the source and application of its funds for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Chartered Accountants.

April 1, 1970.

Satellite Metal Mines Limited

Statement of Exploration Expenses

For the year ended December 31, 1969

	<u>1969</u>	<u>1968</u>
Johan Beetz Area, Quebec		
Mining license fees	\$ 600	
	<u>600</u>	\$ 3,058
Seven Islands Area, Quebec		
Assays	1,041	
Diamond drilling proposal	1,511	
Maps and blueprints	1,090	
Mining license fees	600	
Miscellaneous camp expenses	931	
	<u>5,173</u>	<u>36,992</u>
Little Current River Area, Ontario	—	<u>2,333</u>
Gauthier Township, Ontario (option)	—	<u>2,267</u>
Uchi Lake Area, Ontario		
Airborne geophysical survey	635	
Assays	11	
Maps and blueprints	37	
Surface exploration	2,207	
	<u>2,890</u>	<u>—</u>
Fredart Lake, Ontario		
Geophysical survey	4,842	
Maps and blueprints	131	
	<u>4,973</u>	<u>—</u>
Victoria Island, Northwest Territories (10% interest)	—	<u>7,223</u>
Outside Exploration		
Watson Lake Area, Northwest Territories		
Proposal examination and report	1,277	—
Echoing River Area, Manitoba		
Miscellaneous exploration expenses	—	10,071
Miscellaneous expenses on inactive claims	975	2,513
TOTAL EXPENSES FOR THE YEAR	<u>15,888</u>	<u>64,457</u>
EXPLORATION EXPENSES DEFERRED		
Balance, beginning of year	141,382	89,460
	<u>157,270</u>	<u>153,917</u>
Deduct: Exploration expenses written off	31,862	12,535
Balance, end of year	<u>\$ 125,408</u>	<u>\$ 141,382</u>

Satellite Metal Mines Limited

Statement of Administrative Expenses

For the year ended December 31, 1969

	1969	1968
Advertising	\$ —	\$ 101
Corporation taxes	101	151
Directors' fees	1,100	2,800
Executive's salary	8,000	—
Filing fees	40	35
General expense	112	250
Head office administration	6,000	3,000
Legal and audit	1,175	1,450
Listing and sustaining fees	100	200
Printing, stationery and supplies	274	155
Postage, telephone and telegraph	176	587
Reports to shareholders	1,948	1,434
Share issuance costs	9,719	—
Transfer agent and registrar fees	2,736	1,452
Travelling expenses	305	—
	<u>31,786</u>	<u>11,615</u>
Less: Interest earned	3,756	1,702
TOTAL ADMINISTRATIVE EXPENSES	<u>\$ 28,030</u>	<u>\$ 9,913</u>

Statement of Source and Application of Funds

For the year ended December 31, 1969

SOURCE OF FUNDS	1969	1968
Issue of capital stock	\$ 139,867	\$ —
Net proceeds from sale of stock subscription rights	36	—
	<u>139,903</u>	<u>—</u>
APPLICATION OF FUNDS		
Acquisition of mining claims and interests in mining claims	3,104	12,120
Exploration expenses	15,888	64,457
Administrative expenses	28,030	9,913
Purchase of investments	2,656	—
	<u>49,678</u>	<u>86,490</u>
Resulting in an increase (decrease) in working capital of	<u>\$ 90,225</u>	<u>\$ (86,490)</u>
WORKING CAPITAL		
Beginning of year (deficiency)	\$ (20,814)	\$ 65,676
Increase (decrease)	90,225	(86,490)
End of year (deficiency)	<u>\$ 69,411</u>	<u>\$ (20,814)</u>

Satellite Metal Mines Limited

Notes to Financial Statements

December 31, 1969

1. INVESTMENTS	1969			1968	
	No. of Shares	Market Value	Book Value	No. of Shares	Book Value
Investments — at cost					
Beauce Placer Mining Co. Ltd.	300,100	\$ 15,005	\$ 60,032	300,100	\$ 60,032
Big Nama Creek Mines Ltd.	13,447	3,093	2,689	166	33
Key Anacon Mines Ltd.	1,285	745	4,825	1,285	4,825
		<u>\$ 18,843</u>	<u>\$ 67,546</u>		<u>\$ 64,890</u>
Investment — at nominal value					
Big Nama Creek Mines Ltd. (shares in escrow) ..	39,677		\$ 1	39,677	\$ 1

The total market value of the shares of Beauce Placer Mining Co. Ltd., because of the large block involved, is not necessarily indicative of the amount that might be realized if this investment were sold.

300,000 shares of Beauce Placer Mining Co. Ltd. costing \$60,000 (quoted market value \$15,000) may not be sold without the prior consent of the Quebec Securities Commission.

2. MINING PROPERTIES	1969	1968
In the Province of Quebec, at cost:		
18 Mining claims and 1 mining concession in the Townships of Montauban and Chavigny	\$ 671,606	\$ 671,606
Surface land	2,950	2,950
50 Mining claims in the Township of Desherbiers and projected Township 1075	—	3,442
50 Mining claims in the Township of Letellier, Electoral District of Duplessis (1968 — 60 claims)	4,101	4,101
In the Province of New Brunswick, at cost:		
1 Mining license in the Parish of Northesk, County of Northumberland ..	21,371	21,371
In the Province of Ontario:		
13 Mining claims in the Little Current River Area, Porcupine Mining Division, at cost	—	1,143
24 Mining claims in the Uchi Lake Area, Red Lake Mining Division, at cost ..	1,607	—
24 Mining claims in the Fredart Lake Area, Red Lake Mining Division, at cost	1,444	—
Miscellaneous claims at nominal values	2	2
Option on 17 mining claims in Gauthier Township, Larder Lake Mining Division. Initial payment	—	1,020
In the Northwest Territories:		
10% interest in 1,080 mining claims on Victoria Island, at cost	7,261	7,208
	<u>\$ 710,342</u>	<u>\$ 712,843</u>

Subsequent to the year end the company acquired an 80% interest in 35 mining claims in the Savant Lake Area, Patricia Mining Division, Ontario, at a cost of \$2,725.

3. CAPITAL STOCK

During the year 466,224 shares of capital stock were issued for a cash consideration of \$139,867.

4. REMUNERATION OF DIRECTORS AND OFFICERS

The total remuneration paid during the year to directors and officers was \$9,100.

Boatlift Motor Sales Limited

Statement of Financial Position

As at December 31, 1988

	1988	1987
Assets		
Current Assets		
Cash	1,234,567	987,654
Accounts Receivable	567,890	432,109
Inventory	345,678	210,987
Prepaid Expenses	123,456	87,654
Other Current Assets	78,901	54,321
Non-Current Assets		
Property, Plant and Equipment	2,345,678	1,876,543
Intangible Assets	456,789	321,098
Other Non-Current Assets	210,987	154,321
Total Assets	5,263,269	4,084,098

The accompanying notes are an integral part of these financial statements.

The Board of Directors has reviewed these financial statements and is satisfied that they present a true and fair view of the financial position of the Company as at the end of the period.

	1988	1987
Liabilities and Equity		
Current Liabilities		
Accounts Payable	234,567	187,654
Short-Term Debt	123,456	98,765
Other Current Liabilities	87,654	65,432
Non-Current Liabilities		
Long-Term Debt	1,543,210	1,234,567
Other Non-Current Liabilities	321,098	210,987
Equity		
Share Capital	1,000,000	1,000,000
Reserves	2,345,678	1,876,543
Total Liabilities and Equity	5,263,269	4,084,098

The accompanying notes are an integral part of these financial statements.

The Board of Directors has reviewed these financial statements and is satisfied that they present a true and fair view of the financial position of the Company as at the end of the period.

	1988	1987
Income Statement		
Revenue	10,000,000	8,000,000
Cost of Sales	(6,000,000)	(5,000,000)
Gross Profit	4,000,000	3,000,000
Operating Expenses	(2,500,000)	(2,000,000)
Operating Income	1,500,000	1,000,000
Other Income	100,000	50,000
Income Before Tax	1,600,000	1,050,000
Income Tax Expense	(400,000)	(250,000)
Net Income	1,200,000	800,000

The accompanying notes are an integral part of these financial statements.

The Board of Directors has reviewed these financial statements and is satisfied that they present a true and fair view of the financial position of the Company as at the end of the period.